



## **FEDERAL DEPOSIT INSURANCE CORPORATION**

### **Agency Information Collection Activities; Proposed Collection Renewal; Comment Request Re: Guidance on Sound Incentive Compensation Practices**

**AGENCY:** Federal Deposit Insurance Corporation (FDIC).

**ACTION:** Notice and request for comment.

**SUMMARY:** In accordance with the requirements of the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. chapter 35), the FDIC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The FDIC hereby gives notice that it is seeking comment on renewal of its information collection, entitled *Guidance on Sound Incentive Compensation Practices* (OMB No. 3064-0175). At the end of the comment period, any comments and recommendations received will be analyzed to determine the extent to which the collections should be modified prior to submission to OMB for review and approval.

**DATES:** Comments must be submitted on or before [insert date 60 days from publication in the Federal Register].

**ADDRESSES:** Interested parties are invited to submit written comments to the FDIC by any of the following methods:

- <http://www.FDIC.gov/regulations/laws/federal/notices.html>
- *Email:* [comments@fdic.gov](mailto:comments@fdic.gov) Include the name of the collection in the subject line of the message.
- *Mail:* Leneta G. Gregorie (202-898-3719), Counsel, Room NYA-5050, Federal Deposit Insurance Corporation, 550 17<sup>th</sup> Street N.W., Washington, D.C. 20429.
- *Hand Delivery:* Comments may be hand-delivered to the guard station at the rear of the 17<sup>th</sup> Street Building (located on F Street), on business days between 7:00 a.m. and 5:00 p.m.

All comments should refer to the relevant OMB control number. A copy of the comments may also be submitted to the OMB desk officer for the FDIC: Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, D.C. 20503.

**FOR FURTHER INFORMATION CONTACT:** Leneta Gregorie, at the FDIC address above.

**SUPPLEMENTARY INFORMATION:**

**Proposal to renew the following currently approved collections of information:**

*Title:* Guidance on Sound Incentive Compensation Practices.

*OMB Number:* 3064-0175.

*Frequency of Response:* Implementation – once; maintenance – annual.

*Affected Public:* Insured state nonmember banks.

*Estimated Number of Respondents:* 4890 (20 large banks, 4870 small banks).

*Estimated Time per Response:* Implementation – 80 hours, small banks and; 480 hours, large banks; maintenance – 40 hours, all banks.

*Total Annual Burden:* 594,800 hours (one-time implementation – 399,200 hours; ongoing maintenance – 195,600).

*General Description of Collection:*

The Guidance on Sound Incentive Compensation Practices helps ensure that incentive compensation policies at insured state non-member banks do not encourage excessive risk-taking and are consistent with the safety and soundness of the organization. Under the Guidance, banks are required to: (i) have policies and procedures that identify and describe the role(s) of the personnel and units authorized to be involved in incentive compensation arrangements, identify the source of significant risk-related inputs, establish appropriate controls governing these inputs to help ensure their integrity, and identify the individual(s) and unit(s) whose approval is necessary for the establishment or modification of incentive compensation arrangements; (ii) create and maintain sufficient documentation to permit an audit of the organization's processes for incentive compensation arrangements; (iii) have any material exceptions or adjustments to the incentive compensation arrangements established for senior executives approved and documented by its board of directors; and (iv) have its board of directors receive and review, on an annual or more frequent basis operation of the organization's incentive compensation system in providing risk-taking incentives that are consistent with the organization's safety and soundness.

### Request for Comment

Comments are invited on: (a) whether the collection of information is necessary for the proper performance of the FDIC's functions, including whether the information has practical utility; (b) the accuracy of the estimates of the burden of the information collection, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology. All comments will become a matter of public record.

Dated at Washington, D.C., this 10<sup>th</sup> day of October, 2013.

FEDERAL DEPOSIT INSURANCE CORPORATION

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Robert E. Feldman  
Executive Secretary

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